

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS - RHODE ISLAND BUSINESS CORPORATION ACT

Introduced By: Representatives Edwards, Kennedy, Kazarian, and Casey

Date Introduced: March 03, 2022

Referred To: House Corporations

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 7-1.2-1310 and 7-1.2-1414 of the General Laws in Chapter 7-1.2
2 entitled "Rhode Island Business Corporation Act" are hereby amended to read as follows:

3 **7-1.2-1310. Revocation of articles of incorporation.**

4 (a) The articles of incorporation of a corporation may be revoked by the secretary of state
5 upon the conditions prescribed in this section when it is established that:

6 (1) The corporation procured its articles of incorporation through fraud; or

7 (2) The corporation has continued to exceed or abuse the authority conferred upon it by
8 law; or

9 (3) The corporation has failed to file its annual report within the time required by this
10 chapter, or with respect to any corporation in good corporate standing on the records of the secretary
11 of state on or after July 1, 2019, has failed to pay any required fees to the secretary of state when
12 they have become due and payable, or the secretary of state has received notice from the division
13 of taxation, in accordance with § 44-11-26.1, that the corporation has failed to pay ~~corporate~~ [any](#)
14 [fees or](#) taxes [due to this state](#); or

15 (4) The corporation has failed for thirty (30) days to appoint and maintain a registered agent
16 in this state as required by this chapter; or

17 (5) The corporation has failed, after change of its registered office or registered agent, to
18 file in the office of the secretary of state a statement of the change as required by this chapter; or

1 (6) The corporation has failed to file in the office of the secretary of state any amendment
2 to its articles of incorporation or any articles of merger within the time prescribed by this chapter;
3 or

4 (7) A misrepresentation has been made of any material matter in any application, report,
5 affidavit, or other document submitted by the corporation pursuant to this chapter.

6 (b) No articles of incorporation of a corporation may be revoked by the secretary of state
7 unless:

8 (1) The secretary of state gives the corporation notice thereof not less than sixty (60) days
9 prior to such revocation by regular mail addressed to the registered office of the corporation in this
10 state on file with the secretary of state's office, which notice shall specify the basis for the
11 revocation; provided, however, that if a prior mailing addressed to the registered office of the
12 corporation in this state currently on file with the secretary of state's office has been returned as
13 undeliverable by the United States Postal Service for any reason, or if the revocation notice is
14 returned as undeliverable by the United States Postal Service for any reason, the secretary of state
15 gives notice as follows:

16 (i) To the corporation at its principal office of record as shown in its most recent annual
17 report, and no further notice is required; or

18 (ii) In the case of a domestic corporation that has not yet filed an annual report, then to any
19 one of the incorporators listed on the articles of incorporation, and no further notice is required;
20 and

21 (2) The corporation fails prior to revocation to file the annual report or pay the fees, or file
22 the required statement of change of registered agent or registered office, or file the articles of
23 amendment or articles of merger, or correct the misrepresentation.

24 **7-1.2-1414. Revocation of certificate of authority.**

25 (a) The certificate of authority of a foreign corporation to transact business in this state may
26 be revoked by the secretary of state under the conditions prescribed in this section when:

27 (1) The corporation fails to file its annual report within the time required by this chapter,
28 or with respect to any corporation in good corporate standing on the records of the secretary of state
29 on or after July 1, 2019, has failed to pay any required fees to the secretary of state when they have
30 become due and payable, or the secretary of state has received notice from the division of taxation,
31 in accordance with § 44-11-26.1, that the corporation has failed to pay ~~corporate~~ [any fees or taxes](#)
32 [due to this state](#); or

33 (2) The corporation fails to appoint and maintain a registered agent in this state as required
34 by this chapter; or

1 (3) The corporation fails, after changing its registered office or registered agent, to file in
2 the office of the secretary of state a statement of the change as required by this chapter; or

3 (4) The corporation fails to file in the office of the secretary of state any amendment to its
4 articles of incorporation or any articles of merger within the time prescribed by this chapter; or

5 (5) A misrepresentation has been made of any material matter in any application, report,
6 affidavit, or other document submitted by the corporation pursuant to this chapter.

7 (b) No certificate of authority of a foreign corporation may be revoked by the secretary of
8 state unless the secretary of state has given the corporation notice thereof not less than sixty (60)
9 days prior to such revocation, by regular mail addressed to the registered agent of the corporation
10 in this state on file with the secretary of state's office, which notice shall specify the basis for the
11 revocation; provided, however, that if a prior mailing addressed to the registered office of the
12 corporation in this state currently on file with the secretary of state's office has been returned as
13 undeliverable by the United States Postal Service for any reason, or if the revocation notice is
14 returned as undeliverable by the United States Postal Service for any reason, the secretary of state
15 shall give notice as follows:

16 (1) To the corporation at its principal office of record as shown in its most recent annual
17 report, and no further notice is required; or

18 (2) In the case of a foreign corporation that has not yet filed an annual report, then to the
19 corporation at its principal office shown in its application for certificate of authority, and no further
20 notice is required.

21 SECTION 2. Section 7-16-67.1 of the General Laws in Chapter 7-16 entitled "The Rhode
22 Island Limited-Liability Company Act" is hereby amended to read as follows:

23 **7-16-67.1. Revocation of articles or authority to transact business for nonpayment of**
24 **fee.**

25 (a) The tax administrator may, after July 15 of each year, ~~make-up~~ compile a list of all
26 limited-liability companies that have failed to pay ~~the fee defined in § 7-16-67~~ any state fees and/or
27 taxes for one year after the ~~fee~~ state fees and/or taxes became due and payable, and the failure is
28 not the subject of a pending appeal. The tax administrator shall certify to the correctness of the list.
29 Upon receipt of the certified list, the secretary of state may initiate revocation proceedings as
30 defined in § 7-16-41.

31 (b) With respect to any information provided by the division of taxation to the secretary of
32 ~~state~~ state's office pursuant to this chapter, the secretary of state, together with the employees or
33 agents thereof, shall be subject to all state and federal tax confidentiality laws applying to the
34 division of taxation and the officers, agents, and employees thereof, and which restrict the

1 acquisition, use, storage, dissemination, or publication of confidential taxpayer data.

2 (c) Notwithstanding the foregoing, the notice of revocation may state as the basis for
3 revocation that the taxpayer has failed to pay state fees and/or taxes to the division of taxation.
4 However, the secretary of state's office shall otherwise protect all state and federal tax information
5 in its custody as required by subsection (b) of this section and refrain from disclosing any other
6 specific tax information.

7 SECTION 3. Section 42-64.3-6 of the General Laws in Chapter 42-64.3 entitled
8 "Distressed Areas Economic Revitalization Act" is hereby amended to read as follows:

9 **42-64.3-6. Business tax credits.**

10 A qualified business in an enterprise zone is allowed a credit against the tax imposed
11 pursuant to chapters 11, 13 (except the taxation of tangible personal property under § 44-13-13),
12 14, and 17, ~~and 30~~ of title 44:

13 (1) A credit equal to fifty percent (50%) of the total amount of wages paid to those
14 enterprise job employees comprising the five percent (5%) new jobs referenced in § 42-64.3-
15 3(4)(i)(A). The wages subject to the credit shall be reduced by any direct state or federal wage
16 assistance paid to employers for the employee(s) in the taxable year. The maximum credit allowed
17 per taxable year under the provisions of this subsection shall be two thousand five hundred dollars
18 (\$2,500), per employee. A taxpayer who takes this business tax credit shall not be eligible for the
19 resident business owner modification pursuant to § 42-64.3-7.

20 (2) A credit equal to seventy five percent (75%) of the total amount of wages paid to those
21 enterprise job employees who are domiciliaries of an enterprise zone comprising the five percent
22 (5%) new jobs referenced in § 42-64.3-3(4)(i)(A). The wages subject to the credit shall be reduced
23 by any direct state or federal wage assistance in the taxable year. The maximum credit allowed per
24 taxable year under the provisions of this subdivision shall be five thousand dollars (\$5,000) per
25 employee. A taxpayer who takes this business tax credit is not eligible for the resident business
26 owner modification. The council shall promulgate appropriate rules to certify that the enterprise
27 job employees are domiciliaries of an enterprise zone and shall advise the qualified business and
28 the tax administrator. A taxpayer taking a credit for employees pursuant to this subdivision (2) shall
29 not be entitled to a credit pursuant to subdivision (1) of this section for the employees.

30 (3) Any tax credit as provided in subdivision (1) or (2) of this section shall not reduce the
31 tax below the minimum tax. Fiscal year taxpayers must claim the tax credit in the year into which
32 the December 31st of the certification year falls. The credit shall be used to offset tax liability
33 pursuant to the provisions of either chapters 11, 13, 14, or 17, ~~or 30~~ of title 44, but not more than
34 one chapter.

1 (4) In the case of a corporation, the credit allowed under this section is only allowed against
2 the tax of that corporation included in a consolidated return that qualifies for the credit and not
3 against the tax of other corporations that may join in the filing of a consolidated tax return.

4 (5) In the case of multiple business owners, the credit provided in subdivision (1) or (2) of
5 this section is apportioned according to the ownership interests of the qualified business.

6 (6) The tax credits established pursuant to this section may be carried forward for a period
7 of three (3) years if in each of the three (3) calendar years a business which has qualified for tax
8 credits under this section: (a) does not reduce the number of its employees from the last Effective
9 Date of Certification; (b) obtains certificates of good standing from the Rhode Island division of
10 taxation, the corporations division of the Rhode Island secretary of state and the appropriate
11 municipal tax collector; (c) provides the council an affidavit stating under oath that this business
12 has not within the preceding twelve (12) months changed its legal status for the purpose of gaining
13 favorable treatment under the provisions of chapter 64.3 of this title; and (d) meets any other
14 requirements as may be established by the council in its rules and regulations.

15 (7) No new credits shall be issued on or after July 1, 2015 unless the business has received
16 certification under this chapter prior to July 1, 2015.

17 SECTION 4. Section 42-64.6-7 of the General Laws in Chapter 42-64.6 entitled "Jobs
18 Training Tax Credit Act" is hereby amended to read as follows:

19 **42-64.6-7. Limitation.**

20 The credit allowed pursuant to this chapter shall not reduce the liability of the employer
21 for the tax imposed by chapters 11, 13, 14, and 17 ~~and 30~~ of title 44 in any year below the minimum
22 tax where a minimum tax is provided under this title.

23 SECTION 5. Section 42-64.20-9 of the General Laws in Chapter 42-64.20 entitled
24 "Rebuild Rhode Island Tax Credit" is hereby amended to read as follows:

25 **42-64.20-9. Reporting requirements.**

26 (a) By August 1st of each year, each applicant receiving credits under this chapter shall
27 report to the commerce corporation and the division of taxation the following information:

- 28 (1) The number of total full-time employees employed at the development;
29 (2) The total project cost;
30 (3) The total cost of materials or products purchased from Rhode Island businesses; and
31 (4) Such other reasonable information deemed necessary by the secretary of commerce.

32 (b) By September 1, 2016, and each year thereafter, the commerce corporation shall report
33 the name, address, and amount of tax credit for each credit recipient during the previous state fiscal
34 year to the governor, the speaker of the house of representatives, the president of the senate, and

1 the chairpersons of the house and senate finance committees, the house and senate fiscal advisors,
2 and the department of revenue. Such report shall include any determination regarding the potential
3 impact on an approved qualified development project's ability to stimulate business development;
4 retain and attract new business and industry to the state; create good-paying jobs for its residents;
5 assist with business, commercial, and industrial real estate development; and generate revenues for
6 necessary state and local governmental services.

7 (c) By October 1, 2016, and each year thereafter, the commerce corporation shall report
8 the total number of approved projects, project costs, and associated amount of approved tax credits
9 approved during the prior fiscal year. This report shall be available to the public for inspection by
10 any person and shall be published by the commerce corporation on its website and by the secretary
11 of commerce on the executive office of commerce website.

12 (d) By October 1st of each year the division of taxation shall report the name, address, and
13 amount of tax credit received for each credit recipient during the previous state fiscal year ~~to the~~
14 ~~governor, the chairpersons of the house and senate finance committees, the house and senate fiscal~~
15 ~~advisors, and the department of labor and training.~~ This report shall be available to the public for
16 inspection by any person and shall be published by the tax administrator on the tax division website.

17 (e) By November 1st of each year the division of taxation shall report in the aggregate the
18 information required under subsection 42-64.20-9(a). This report shall be available to the public
19 for inspection by any person and shall be published by the tax administrator on the tax division
20 website.

21 SECTION 6. Section 42-64.21-8 of the General Laws in Chapter 42-64.21 entitled "Rhode
22 Island Tax Increment Financing" is hereby amended to read as follows:

23 **42-64.21-8. Reporting requirements.**

24 (a) By September 1, 2016, and each year thereafter, the commerce corporation shall report
25 the name, address, and incentive amount of each agreement entered into during the previous state
26 fiscal year to the division of taxation.

27 (b) By December 1, 2016, and each year thereafter, the ~~division of taxation~~ commerce
28 corporation shall provide the governor with the sum, if any, to be appropriated to fund the program.
29 The governor shall submit to the general assembly printed copies of a budget including the total of
30 the sums, if any, as part of the governor's budget required to be appropriated for the program created
31 under this chapter.

32 (c) By January 1, 2017, and each year thereafter, the commerce corporation shall report to
33 the governor, the speaker of the house, the president of the senate, the chairpersons of the house
34 and senate finance committees, and the house and senate fiscal advisors the address and incentive

1 amount of each agreement entered into during the previous state fiscal year as well as any
2 determination regarding the measurable impact of each and every agreement on the retention and
3 expansion of existing jobs, stimulation of the creation of new jobs, attraction of new business and
4 industry to the state, and stimulation of growth in real estate developments and/or businesses that
5 are prepared to make meaningful investment and foster job creation in the state.

6 SECTION 7. Section 44-1-6 of the General Laws in Chapter 44-1 entitled "State Tax
7 Officials" is hereby amended to read as follows:

8 **44-1-6. Additional collection powers -- Nonresident contractors.**

9 (a) Any person doing business with a nonresident contractor shall withhold payment of an
10 amount of three percent (3%) of the contract price until thirty (30) business days after the contractor
11 has completed the contract and has requested the tax administrator, in writing, to audit the records
12 for the particular project, a receipted copy of the request to be furnished to the person holding the
13 funds. The tax administrator shall, within thirty (30) business days after receipt of the request,
14 furnish to the nonresident contractor and to the person holding the funds either a certificate of no
15 tax due or a certificate of sales and use tax or income tax withheld, or both, due from the nonresident
16 contractor.

17 (b) Upon receipt of a certificate of no tax due, the person holding the payment may pay the
18 nonresident contractor. Upon receipt of a certificate of taxes due, the person may pay to the
19 contractor out of the amount withheld the excess over the amount of taxes stated in the certificate
20 together with the interest and penalties assessed. If the tax administrator furnishes neither certificate
21 to both parties within thirty (30) business days after receipt of a written request for the making of
22 the audit, the person holding the payment may immediately pay the payment withheld to the
23 nonresident contractor under the terms of the contract free from any claims of the tax administrator
24 against either the person holding the payment or the nonresident contractor for payment of sales or
25 use taxes or income taxes withheld, or both.

26 (c) In the event the tax administrator serves upon the contractor and the person holding the
27 payment a certificate showing the taxes due within a thirty (30) business day period, the person
28 holding the payment shall deposit with the tax administrator the amount stated in the certificate
29 which is not in excess of three percent (3%) of the contract price, taking a receipt for the amount,
30 and is free from any claim of the nonresident contractor for that amount or of the tax administrator
31 for sales and use taxes or income taxes withheld, or both, arising out of the materials, equipment,
32 and services used in performance of the contract of the nonresident contractor on that project.

33 (d) As used in this section, "a nonresident contractor" is one who does not maintain a
34 regular place of business in this state. "A regular place of business" means and includes any bona

1 fide office (other than a statutory office), factory, warehouse, or other space in this state at which
2 the taxpayer is doing business in its own name in a regular and systematic manner, and which is
3 continuously maintained, occupied, and used by the taxpayer in carrying on its business through its
4 regular employees regularly in attendance. A temporary office at the site of construction shall not
5 constitute a regular place of business.

6 (e) Any person doing business with a nonresident contractor who fails to comply with the
7 provisions of this section shall be liable for payment of the amount due as determined by the tax
8 administrator and shall be subject to the same collection activities as a taxpayer pursuant to title
9 44.

10 SECTION 8. Sections 44-11-7.1, 44-11-26.1 and 44-11-29 of the General Laws in Chapter
11 44-11 entitled "Business Corporation Tax" are hereby amended to read as follows:

12 **44-11-7.1. Limitations on assessment.**

13 (a) General. Except as provided in this section, the amount of the Rhode Island corporate
14 income tax shall be assessed within three (3) years after the return was filed, whether or not the
15 return was filed on or after the prescribed date. For this purpose, a tax return filed before the due
16 date shall be considered as filed on the due date. (b) Exceptions.

17 (1) The tax may be assessed at any time if:

18 (i) No return is filed.

19 (ii) A false or fraudulent return is filed with intent to avoid tax.

20 (2) Where, before the expiration of the time prescribed in this section for the assessment
21 of tax, or before the time as extended, both the tax administrator and the taxpayer have consented,
22 in writing, to its assessment after that time, the tax may be assessed at any time prior to the
23 expiration of the agreed upon period.

24 (3) If a taxpayer's deficiency is attributable to an excessive net operating loss carryback
25 allowance, it may be assessed at any time that a deficiency for the taxable year of the loss may be
26 assessed.

27 (4) An erroneous refund shall be considered to create an underpayment of tax on the date
28 made. An assessment of a deficiency arising out of an erroneous refund may be made at any time
29 within three (3) years thereafter, or at any time if it appears that any part of the refund was induced
30 by fraud or misrepresentation of a material fact.

31 (c) Notwithstanding the provisions of this section, the tax may be assessed at any time
32 within six (6) years after the return was filed if a taxpayer omits from its Rhode Island income an
33 amount properly includable therein that is in excess of twenty-five percent (25%) of the amount of
34 Rhode Island income stated in the return. For this purpose there shall not be taken into account any

1 amount that is omitted in the return if the amount is disclosed in the return, or in a statement attached
2 to the return, in a manner adequate to apprise the tax administrator of the nature and amount of the
3 item.

4 (d) The running of the period of limitations on assessment or collection of the tax or other
5 amount, or of a transferee's liability, shall, after the mailing of a notice of deficiency, be suspended
6 for any period during which the tax administrator is prohibited from making the assessment or from
7 collecting by levy, and for sixty (60) days thereafter.

8 (e) No period of limitations specified in any other law shall apply to the assessment or
9 collection of Rhode Island corporate income tax. Under no circumstances shall the tax
10 administrator issue any notice of deficiency determination for Rhode Island business corporation
11 tax due and payable more than ten (10) years after the date upon which ~~the~~ a complete, accurate,
12 and proper return was filed ~~or due to be filed~~, nor shall the tax administrator commence any
13 collection action for any business corporation tax due and payable unless the collection action is
14 commenced within ten (10) years after a notice of deficiency determination became a final
15 collectible assessment; provided however, that the tax administrator may renew a statutory lien that
16 was initially filed within the ten-year (10) period for collection actions. Both of the aforementioned
17 ten-year (10) periods are tolled for any period of time the taxpayer is in federal bankruptcy or state
18 receivership proceedings. "Collection action" refers to any activity undertaken by the division of
19 taxation to collect on any state tax liabilities that are final, due, and payable under Rhode Island
20 law. "Collection action" may include, but is not limited to, any civil action involving a liability
21 owed under chapter 11 of title 44.

22 (f) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
23 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
24 periods set forth in this section.

25 **44-11-26.1. Revocation of articles or authority to transact business for nonpayment**
26 **of tax.**

27 (a) The tax administrator may, after July 15 of each year, ~~make-up~~ compile a list of all
28 corporations that have failed to pay ~~the corporate tax defined in § 44-11-2~~ any state fees and/or
29 taxes for one year after the ~~tax~~ state fees and/or taxes became due and payable, and the failure is
30 not the subject of a pending appeal. The tax administrator shall certify to the correctness of the list.
31 Upon receipt of the certified list, the secretary of state may initiate revocation proceedings as
32 defined in §§ 7-1.2-1310 and 7-1.2-1414.

33 (b) With respect to any information provided by the division of taxation to the secretary of
34 ~~state~~ state's office pursuant to this chapter, the secretary of state, together with the employees or

1 agents thereof, shall be subject to all state and federal tax confidentiality laws applying to the
2 division of taxation and the officers, agents, and employees thereof, and which restrict the
3 acquisition, use, storage, dissemination, or publication of confidential taxpayer data.

4 (c) Notwithstanding the foregoing, the notice of revocation may state as the basis for
5 revocation that the taxpayer has failed to pay state fees and/or taxes to the division of taxation.
6 However, the secretary of state's office shall otherwise protect all state and federal tax information
7 in its custody as required by subsection (b) of this section and refrain from disclosing any other
8 specific tax information.

9 **44-11-29. Notice to tax administrator of sale of assets -- Tax due.**

10 (a) The sale or transfer of the major part in value of the assets of a domestic corporation,
11 domestic limited liability company, domestic limited partnership, or any other domestic business
12 entity, or of the major part in value of the assets situated in this state of a foreign corporation,
13 foreign limited liability company, foreign limited partnership, or any other foreign business entity,
14 other than in the ordinary course of trade and in the regular and usual prosecution of business by
15 said corporation, limited liability company, limited partnership, or any other business entity
16 whether domestic or foreign, and the sale or transfer of the major part in value of the assets of a
17 domestic corporation, domestic limited liability company, domestic limited partnership, or any
18 other domestic corporation business entity, or of the major part in value of the assets situated in
19 this state of a foreign corporation, foreign limited liability company, foreign limited partnership, or
20 any other foreign business entity that is engaged in the business of buying, selling, leasing, renting,
21 managing, or dealing in real estate, shall be fraudulent and void as against the state unless the
22 corporation, limited liability company, limited partnership, or any other business entity, whether
23 domestic or foreign, at least five (5) business days before the sale or transfer, notifies the tax
24 administrator of the proposed sale or transfer and of the price, terms, and conditions of the sale or
25 transfer and of the character and location of the assets by requesting a letter of good standing from
26 the tax division that shall be received by the tax division at least five (5) business days before the
27 sale or transfer. Whenever a corporation, limited liability company, limited partnership, or any
28 other business entity, whether domestic or foreign, makes such a sale or transfer, any and all tax
29 returns required to be filed under this title must be filed and any and all taxes imposed under this
30 title shall become due and payable at the time when the tax administrator is so notified of the sale
31 or transfer, or, if he or she is not so notified, at the time when he or she should have been notified
32 of the sale or transfer.

33 (b) This section shall not apply to sales by receivers, assignees under a voluntary
34 assignment for the benefit of creditors, trustees in bankruptcy, debtors in possession in bankruptcy,

1 or public officers acting under judicial process.

2 SECTION 9. Section 44-19-13 of the General Laws in Chapter 44-19 entitled "Sales and
3 Use Taxes - Enforcement and Collection" is hereby amended to read as follows:

4 **44-19-13. Notice of determination.**

5 (a) The tax administrator shall give to the retailer or to the person storing, using, or
6 consuming the tangible personal property a written notice of his or her determination. Except in the
7 case of fraud, intent to evade the provisions of this article, failure to make a return, or claim for
8 additional amount pursuant to §§ 44-19-16 -- 44-19-19, every notice of a deficiency determination
9 shall be mailed within three (3) years after the fifteenth (15th) day of the calendar month following
10 the month for which the amount is proposed to be determined or within three (3) years after the
11 return is filed, whichever period expires later, unless a longer period is agreed upon by the tax
12 administrator and the taxpayer.

13 (b) Notwithstanding the provisions of subsection (a) of this section, under no circumstances
14 shall the tax administrator issue a notice of a deficiency determination for any sales or use tax
15 determined to be due and payable more than ten (10) years after ~~the~~ a complete, accurate, and
16 proper return is filed ~~or was due to be filed~~, nor shall the tax administrator commence any collection
17 action for any tax that is due and payable unless the collection action is commenced within ten (10)
18 years after a notice of a deficiency determination becomes a final collectible assessment; provided,
19 however, that the tax administrator may renew a statutory lien that was initially filed within the
20 ten-year (10) period for collection actions. Both of the aforementioned ten-year (10) periods are
21 tolled for any period of time the taxpayer is in federal bankruptcy or state receivership proceedings.
22 "Collection action" refers to any activity undertaken by the division of taxation to collect on any
23 state tax liabilities that are final, due, and payable under Rhode Island law. "Collection action" may
24 include, but is not limited to, any civil action involving a liability owed under chapters 18, 18.1,
25 18.2, and 19 of title 44. This section excludes any sales and use tax liabilities that are deemed trust
26 funds as defined in § 44-19-35, as well as any meals and beverage tax liabilities that are collected
27 pursuant to § 44-18-18.1, and any hotel tax liabilities that are collected pursuant to § 44-18-36.1.

28 (c) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
29 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
30 periods set forth in this section.

31 SECTION 10. Section 44-23-9 of the General Laws in Chapter 44-23 entitled "Estate and
32 Transfer Taxes - Enforcement and Collection" is hereby amended to read as follows:

33 **44-23-9. Assessment and notice of estate tax -- Collection powers -- Lien.**

34 (a) The tax imposed by § 44-22-1.1 shall be assessed upon the full and fair cash value of

1 the net estate determined by the tax administrator as provided in this chapter. Notice of the amount
2 of the tax shall be mailed to the executor, administrator, or trustee, but failure to receive the notice
3 does not excuse the nonpayment of or invalidate the tax. The tax administrator shall receive and
4 collect the assessed taxes in the same manner and with the same powers as are prescribed for and
5 given to the collectors of taxes by chapters 7 -- 9 of this title. The tax shall be due and payable as
6 provided in § 44-23-16, shall be paid to the tax administrator, and shall be and remain a lien upon
7 the estate until it is paid. All executors, administrators, and trustees are personally liable for the tax
8 until it is paid.

9 (b) Notwithstanding the provisions of subsection (a) of this section, under no circumstances
10 shall the tax administrator issue any notice of deficiency determination for the amount of the estate
11 tax due more than ten (10) years after ~~the~~ a complete, accurate, and proper return was filed ~~or should~~
12 ~~have been filed~~, nor shall the tax administrator commence any collection action for any estate tax
13 due and payable unless the collection action is commenced within ten (10) years after the date a
14 notice of deficiency determination became a final collectible assessment. "Collection action" refers
15 to any activity undertaken by the division of taxation to collect on any state tax liabilities that are
16 final, due, and payable under Rhode Island law. "Collection action" may include, but is not limited
17 to, any civil action involving a liability owed under chapters 22 and 23 of title 44.

18 (c) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
19 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
20 periods set forth in this section.

21 SECTION 11. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate
22 Conveyance Tax" is hereby amended to read as follows:

23 **44-25-1. Tax imposed -- Payment -- Burden. [Effective January 1, 2022.]**

24 (a) There is imposed, on each deed, instrument, or writing by which any lands, tenements,
25 or other realty sold is granted, assigned, transferred, or conveyed to, or vested in, the purchaser or
26 purchasers, or any other person or persons, by his, her, or their direction, or on any grant,
27 assignment, transfer, or conveyance or such vesting, by such persons that has the effect of making
28 any real estate company an acquired real estate company, when the consideration paid exceeds one
29 hundred dollars (\$100), a tax at the rate of two dollars and thirty cents (\$2.30) for each five hundred
30 dollars (\$500), or fractional part of it, that is paid for the purchase of property or the interest in an
31 acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the
32 time the sale, grant, assignment, transfer or conveyance or vesting occurs, or in the case of an
33 interest in an acquired real estate company, a percentage of the value of such lien or encumbrance
34 equivalent to the percentage interest in the acquired real estate company being granted, assigned,

1 transferred, conveyed or vested). The tax is payable at the time of making, the execution, delivery,
2 acceptance or presentation for recording of any instrument affecting such transfer grant,
3 assignment, transfer, conveyance or vesting. In the absence of an agreement to the contrary, the tax
4 shall be paid by the grantor, assignor, transferor or person making the conveyance or vesting.

5 (b) In addition to the tax imposed by subsection (a), there is imposed, on each deed,
6 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
7 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his,
8 her, or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
9 persons that has the effect of making any real estate company an acquired real estate company,
10 when the consideration paid exceeds eight hundred thousand dollars (\$800,000), a tax at the rate of
11 two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500), or fractional part of it, of
12 the consideration in excess of eight hundred thousand dollars (\$800,000) that is paid for the
13 purchase of property or the interest in an acquired real estate company (inclusive of the value of
14 any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or conveyance
15 or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of
16 the value of such lien or encumbrance equivalent to the percentage interest in the acquired real
17 estate company being granted, assigned, transferred, conveyed, or vested). The tax imposed by this
18 subsection shall be paid at the same time and in the same manner as the tax imposed by subsection
19 (a).

20 (c) In the event no consideration is actually paid for the lands, tenements, or realty, the
21 instrument or interest in an acquired real estate company of conveyance shall contain a statement
22 to the effect that the consideration is such that no documentary stamps are required.

23 (d) The tax shall be distributed as follows:

24 (1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute
25 to the distressed community relief program the sum of thirty cents (\$.30) per two dollars and thirty
26 cents (\$2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
27 housing resources commission restricted receipts account the sum of thirty cents (\$.30) per two
28 dollars and thirty cents (\$2.30) of the face value of the stamps. Funds will be administered by the
29 office of housing and community development, through the housing resources commission. The
30 state shall retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the
31 municipality collecting the tax.

32 (2) With respect to the tax imposed by subsection (b): the tax administrator shall contribute
33 the entire tax to the housing production fund established pursuant to § 42-128-2.1.

34 (3) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment or

1 conveyance or vesting with respect to an acquired real estate company, the tax shall be collected
2 by the tax administrator and shall be distributed to the municipality where the real estate owned by
3 the acquired real estate company is located; provided, however, in the case of any such tax collected
4 by the tax administrator, if the acquired real estate company owns property located in more than
5 one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the
6 proportion the assessed value of said real estate in each such municipality bears to the total of the
7 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.
8 Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax
9 administrator shall deposit as general revenues the sum of ninety cents (\$.90) per two dollars and
10 thirty cents (\$.30) of the face value of the stamps. The balance of the tax on the purchase of
11 property shall be retained by the municipality collecting the tax. The balance of the tax on the
12 transfer with respect to an acquired real estate company, shall be collected by the tax administrator
13 and shall be distributed to the municipality where the property for which interest is sold is
14 physically located. Provided, however, that in the case of any tax collected by the tax administrator
15 with respect to an acquired real estate company where the acquired real estate company owns
16 property located in more than one municipality, the proceeds of the tax shall be allocated amongst
17 the municipalities in proportion that the assessed value in any such municipality bears to the
18 assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

19 (e) For purposes of this section, the term "acquired real estate company" means a real estate
20 company that has undergone a change in ownership interest if (1) The change does not affect the
21 continuity of the operations of the company; and (2) The change, whether alone or together with
22 prior changes has the effect of granting, transferring, assigning, or conveying or vesting,
23 transferring directly or indirectly, 50% or more of the total ownership in the company within a
24 period of three (3) years. For purposes of the foregoing subsection (e)(2), a grant, transfer,
25 assignment, or conveyance or vesting, shall be deemed to have occurred within a period of three
26 (3) years of another grant(s), transfer(s), assignment(s), or conveyance(s) or vesting(s) if during the
27 period the granting, transferring, assigning, or conveying party provides the receiving party a
28 legally binding document granting, transferring, assigning, or conveying or vesting the realty or a
29 commitment or option enforceable at a future date to execute the grant, transfer, assignment, or
30 conveyance or vesting.

31 (f) A real estate company is a corporation, limited liability company, partnership, or other
32 legal entity that meets any of the following:

33 (1) Is primarily engaged in the business of holding, selling, or leasing real estate, where
34 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company

1 either (i) derives 60% or more of its annual gross receipts from the ownership or disposition of real
2 estate; or (ii) owns real estate the value of which comprises 90% or more of the value of the entity's
3 entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively
4 traded on an established market; or

5 (2) Ninety percent or more of the ownership interest in such entity is held by 35 or fewer
6 persons and the entity owns as 90% or more of the fair market value of its assets a direct or indirect
7 interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or
8 more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a
9 real estate company.

10 (g) In the case of a grant, assignment, transfer or conveyance or vesting that results in a
11 real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or
12 person making the conveyance or causing the vesting, shall file or cause to be filed with the division
13 of taxation, at least five (5) days prior to the grant, transfer, assignment, or conveyance or vesting,
14 notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms
15 and conditions thereof, and the character and location of all of the real estate assets held by the real
16 estate company and shall remit the tax imposed and owed pursuant to subsection (a). Any such
17 grant, transfer, assignment, or conveyance or vesting which results in a real estate company
18 becoming an acquired real estate company shall be fraudulent and void as against the state unless
19 the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance
20 or vesting as herein required in subsection (g) and has paid the tax as required in subsection (a).
21 Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the
22 payment of the tax which certificate shall be recordable in the land evidence records in each
23 municipality in which such real estate company owns real estate. Where the real estate company
24 has assets other than interests in real estate located in Rhode Island, the tax shall be [allocated](#) based
25 upon the assessed value of each parcel of property located in each municipality in the state of Rhode
26 Island. Delayed Effective Date.

27 P.L. 2018, ch. 39, § 2, and P.L. 2018, ch. 45, § 2 enacted identical amendments to this
28 section.

29 SECTION 12. Sections 44-30-2.6 and 44-30-83 of the General Laws in Chapter 44-30
30 entitled "Personal Income Tax" are hereby amended to read as follows:

31 **44-30-2.6. Rhode Island taxable income -- Rate of tax.**

32 (a) "Rhode Island taxable income" means federal taxable income as determined under the
33 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
34 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax

1 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of
2 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

3 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
4 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island
5 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-five
6 and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year 2002
7 and thereafter of the federal income tax rates, including capital gains rates and any other special
8 rates for other types of income, except as provided in § 44-30-2.7, which were in effect immediately
9 prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA);
10 provided, rate schedules shall be adjusted for inflation by the tax administrator beginning in taxable
11 year 2002 and thereafter in the manner prescribed for adjustment by the commissioner of Internal
12 Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or after January 1, 2006, a
13 taxpayer may elect to use the alternative flat tax rate provided in § 44-30-2.10 to calculate his or
14 her personal income tax liability.

15 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
16 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
17 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
18 multiplying the federal tentative minimum tax without allowing for the increased exemptions under
19 the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal form 6251
20 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%) for tax year
21 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing the product
22 to the Rhode Island tax as computed otherwise under this section. The excess shall be the taxpayer's
23 Rhode Island alternative minimum tax.

24 (1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption
25 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by
26 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal
27 Revenue in 26 U.S.C. § 1(f).

28 (2) For the period January 1, 2007, through December 31, 2007, and thereafter, Rhode
29 Island taxable income shall be determined by deducting from federal adjusted gross income as
30 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island
31 itemized-deduction amount and the Rhode Island exemption amount as determined in this section.

32 (A) Tax imposed.

33 (1) There is hereby imposed on the taxable income of married individuals filing joint
34 returns and surviving spouses a tax determined in accordance with the following table:

1	If taxable income is:	The tax is:
2	Not over \$53,150	3.75% of taxable income
3	Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
4	Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
5	Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
6	Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

7 (2) There is hereby imposed on the taxable income of every head of household a tax
8 determined in accordance with the following table:

9	If taxable income is:	The tax is:
10	Not over \$42,650	3.75% of taxable income
11	Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
12	Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
13	Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
14	Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

15 (3) There is hereby imposed on the taxable income of unmarried individuals (other than
16 surviving spouses and heads of households) a tax determined in accordance with the following
17 table:

18	If taxable income is:	The tax is:
19	Not over \$31,850	3.75% of taxable income
20	Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
21	Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100
22	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
23	Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

24 (4) There is hereby imposed on the taxable income of married individuals filing separate
25 returns and bankruptcy estates a tax ~~deter-mined~~ determined in accordance with the following table:

26	If taxable income is:	The tax is:
27	Not over \$26,575	3.75% of taxable income
28	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
29	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
30	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
31	Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

32 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in
33 accordance with the following table:

34	If taxable income is:	The tax is:
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1	Not over \$2,150	3.75% of taxable income
2	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
3	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
4	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
5	Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

6 (6) Adjustments for inflation.

7 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

8 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

9 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

10 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
 11 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
 12 be determined under section (J) by substituting "1994" for "1993."

13 (B) Maximum capital gains rates.

14 (1) In general.

15 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax
 16 imposed by this section for such taxable year shall not exceed the sum of:

17 (a) 2.5% of the net capital gain as reported for federal income tax purposes under section
 18 26 U.S.C. § 1(h)(1)(a) and 26 U.S.C. § 1(h)(1)(b).

19 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
 20 § 1(h)(1)(c).

21 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26
 22 U.S.C. § 1(h)(1)(d).

23 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
 24 § 1(h)(1)(e).

25 (2) For tax years beginning on or after January 1, 2010, the tax imposed on net capital gain
 26 shall be determined under subdivision 44-30-2.6(c)(2)(A).

27 (C) Itemized deductions.

28 (1) In general.

29 For the purposes of section (2), "itemized deductions" means the amount of federal
 30 itemized deductions as modified by the modifications in § 44-30-12.

31 (2) Individuals who do not itemize their deductions.

32 In the case of an individual who does not elect to itemize his deductions for the taxable
 33 year, they may elect to take a standard deduction.

34 (3) Basic standard deduction.

1 The Rhode Island standard deduction shall be allowed in accordance with the following
2 table:

3 Filing status	Amount
4 Single	\$5,350
5 Married filing jointly or qualifying widow(er)	\$8,900
6 Married filing separately	\$4,450
7 Head of Household	\$7,850

8 (4) Additional standard deduction for the aged and blind.

9 An additional standard deduction shall be allowed for individuals age sixty-five (65) or
10 older or blind in the amount of \$1,300 for individuals who are not married and \$1,050 for
11 individuals who are married.

12 (5) Limitation on basic standard deduction in the case of certain dependents.

13 In the case of an individual to whom a deduction under section (E) is allowable to another
14 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

15 (a) \$850;

16 (b) The sum of \$300 and such individual's earned income;

17 (c) Certain individuals not eligible for standard deduction.

18 In the case of:

19 (a) A married individual filing a separate return where either spouse itemizes deductions;

20 (b) Nonresident alien individual;

21 (c) An estate or trust;

22 The standard deduction shall be zero.

23 (7) Adjustments for inflation.

24 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount
25 equal to:

26 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
27 by

28 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

29 (D) Overall limitation on itemized deductions.

30 (1) General rule.

31 In the case of an individual whose adjusted gross income as modified by § 44-30-12
32 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the
33 taxable year shall be reduced by the lesser of:

34 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12

1 over the applicable amount; or

2 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for
3 such taxable year.

4 (2) Applicable amount.

5 (a) In general.

6 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in the
7 case of a separate return by a married individual)

8 (b) Adjustments for inflation.

9 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

10 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

11 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

12 (3) Phase-out of Limitation.

13 (a) In general.

14 In the case of taxable year beginning after December 31, 2005, and before January 1, 2010,
15 the reduction under section (1) shall be equal to the applicable fraction of the amount which would
16 be the amount of such reduction.

17 (b) Applicable fraction.

18 For purposes of paragraph (a), the applicable fraction shall be determined in accordance
19 with the following table:

For taxable years beginning in calendar year	The applicable fraction is
2006 and 2007	2/3
2008 and 2009	1/3

23 (E) Exemption amount.

24 (1) In general.

25 Except as otherwise provided in this subsection, the term "exemption amount" means
26 \$3,400.

27 (2) Exemption amount disallowed in case of certain dependents.

28 In the case of an individual with respect to whom a deduction under this section is allowable
29 to another taxpayer for the same taxable year, the exemption amount applicable to such individual
30 for such individual's taxable year shall be zero.

31 (3) Adjustments for inflation.

32 The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

33 (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by

34 (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

1 (4) Limitation.

2 (a) In general.

3 In the case of any taxpayer whose adjusted gross income as modified for the taxable year
4 exceeds the threshold amount shall be reduced by the applicable percentage.

5 (b) Applicable percentage.

6 In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the
7 threshold amount, the exemption amount shall be reduced by two (2) percentage points for each
8 \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
9 exceeds the threshold amount. In the case of a married individual filing a separate return, the
10 preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the
11 applicable percentage exceed one hundred percent (100%).

12 (c) Threshold Amount.

13 For the purposes of this paragraph, the term "threshold amount" shall be determined with
14 the following table:

15 Filing status	Amount
16 Single	\$156,400
17 Married filing jointly of qualifying widow(er)	\$234,600
18 Married filing separately	\$117,300
19 Head of Household	\$195,500

20 (d) Adjustments for inflation.

21 Each dollar amount contained in paragraph (b) shall be increased by an amount equal to:

22 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by

23 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

24 (5) Phase-out of limitation.

25 (a) In general.

26 In the case of taxable years beginning after December 31, 2005, and before January 1,
27 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
28 would be the amount of such reduction.

29 (b) Applicable fraction.

30 For the purposes of paragraph (a), the applicable fraction shall be determined in accordance
31 with the following table:

32 For taxable years beginning in calendar year	The applicable fraction is
33 2006 and 2007	2/3
34 2008 and 2009	1/3

1 (F) Alternative minimum tax.

2 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
3 subtitle) a tax equal to the excess (if any) of:

4 (a) The tentative minimum tax for the taxable year, over

5 (b) The regular tax for the taxable year.

6 (2) The tentative minimum tax for the taxable year is the sum of:

7 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

8 (b) 7.0 percent of so much of the taxable excess above \$175,000.

9 (3) The amount determined under the preceding sentence shall be reduced by the alternative
10 minimum tax foreign tax credit for the taxable year.

11 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
12 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
13 30-12 as exceeds the exemption amount.

14 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be
15 applied by substituting "\$87,500" for \$175,000 each place it appears.

16 (6) Exemption amount.

17 For purposes of this section "exemption amount" means:

18 Filing status	Amount
19 Single	\$39,150
20 Married filing jointly or qualifying widow(er)	\$53,700
21 Married filing separately	\$26,850
22 Head of Household	\$39,150
23 Estate or trust	\$24,650

24 (7) Treatment of unearned income of minor children

25 (a) In general.

26 In the case of a minor child, the exemption amount for purposes of section (6) shall not
27 exceed the sum of:

28 (i) Such child's earned income, plus

29 (ii) \$6,000.

30 (8) Adjustments for inflation.

31 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount
32 equal to:

33 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied by

34 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

1 (9) Phase-out.

2 (a) In general.

3 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount
4 equal to twenty-five percent (25%) of the amount by which alternative minimum taxable income
5 of the taxpayer exceeds the threshold amount.

6 (b) Threshold amount.

7 For purposes of this paragraph, the term "threshold amount" shall be determined with the
8 following table:

9 Filing status	Amount
10 Single	\$123,250
11 Married filing jointly or qualifying widow(er)	\$164,350
12 Married filing separately	\$82,175
13 Head of Household	\$123,250
14 Estate or Trust	\$82,150

15 (c) Adjustments for inflation

16 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

17 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

18 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

19 (G) Other Rhode Island taxes.

20 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
21 subtitle) a tax equal to twenty-five percent (25%) of:

22 (a) The Federal income tax on lump-sum distributions.

23 (b) The Federal income tax on parents' election to report child's interest and dividends.

24 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
25 return.

26 (H) Tax for children under 18 with investment income.

27 (1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:

28 (a) The Federal tax for children under the age of 18 with investment income.

29 (I) Averaging of farm income.

30 (1) General rule. At the election of an individual engaged in a farming business or fishing
31 business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

32 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
33 1301].

34 (J) Cost-of-living adjustment.

1 (1) In general.

2 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

3 (a) The CPI for the preceding calendar year exceeds

4 (b) The CPI for the base year.

5 (2) CPI for any calendar year.

6 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer
7 price index as of the close of the twelve (12) month period ending on August 31 of such calendar
8 year.

9 (3) Consumer price index.

10 For purposes of paragraph (2), the term "consumer price index" means the last consumer
11 price index for all urban consumers published by the department of labor. For purposes of the
12 preceding sentence, the revision of the consumer price index that is most consistent with the
13 consumer price index for calendar year 1986 shall be used.

14 (4) Rounding.

15 (a) In general.

16 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall
17 be rounded to the next lowest multiple of \$50.

18 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be
19 applied by substituting "\$25" for \$50 each place it appears.

20 (K) Credits against tax. For tax years beginning on or after January 1, 2001, a taxpayer
21 entitled to any of the following federal credits enacted prior to January 1, 1996, shall be entitled to
22 a credit against the Rhode Island tax imposed under this section:

23 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5.]

24 (2) Child and dependent care credit;

25 (3) General business credits;

26 (4) Credit for elderly or the disabled;

27 (5) Credit for prior year minimum tax;

28 (6) Mortgage interest credit;

29 (7) Empowerment zone employment credit;

30 (8) Qualified electric vehicle credit.

31 (L) Credit against tax for adoption. For tax years beginning on or after January 1, 2006, a
32 taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
33 tax imposed under this section if the adopted child was under the care, custody, or supervision of
34 the Rhode Island department of children, youth and families prior to the adoption.

1 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
2 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
3 including the rate reduction credit provided by the federal Economic Growth and Tax
4 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
5 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
6 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
7 prescribed in this subsection.

8 (N) Rhode Island earned-income credit.

9 (1) In general.

10 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
11 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
12 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
13 Island income tax.

14 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer
15 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit
16 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the
17 amount of the Rhode Island income tax.

18 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned-
19 income credit shall be allowed a Rhode Island earned-income credit equal to twelve and one-half
20 percent (12.5%) of the federal earned-income credit. Such credit shall not exceed the amount of the
21 Rhode Island income tax.

22 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-
23 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
24 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
25 income tax.

26 (2) Refundable portion.

27 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this
28 section exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall
29 be allowed as follows.

30 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable
31 earned-income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-
32 income credit exceeds the Rhode Island income tax.

33 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
34 refundable earned-income credit means one hundred percent (100%) of the amount by which the

1 Rhode Island earned-income credit exceeds the Rhode Island income tax.

2 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs
3 (A) through (J) to the general assembly no later than February 1, 2010, and every three (3) years
4 thereafter for inclusion in the statute.

5 (3) For the period January 1, 2011, through December 31, 2011, and thereafter, "Rhode
6 Island taxable income" means federal adjusted gross income as determined under the Internal
7 Revenue Code, 26 U.S.C. § 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
8 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
9 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
10 44-30-2.6(c)(3)(C).

11 (A) Tax imposed.

12 (I) There is hereby imposed on the taxable income of married individuals filing joint
13 returns, qualifying widow(er), every head of household, unmarried individuals, married individuals
14 filing separate returns and bankruptcy estates, a tax determined in accordance with the following
15 table:

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
\$ 0 -	\$ 55,000	\$ 0 + 3.75%	\$ 0
55,000 -	125,000	2,063 + 4.75%	55,000
125,000 -		5,388 + 5.99%	125,000

21 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined in
22 accordance with the following table:

RI Taxable Income		RI Income Tax	
Over	But not over	Pay + % on Excess	on the amount over
\$ 0 -	\$ 2,230	\$ 0 + 3.75%	\$ 0
2,230 -	7,022	84 + 4.75%	2,230
7,022 -		312 + 5.99%	7,022

28 (B) Deductions:

29 (I) Rhode Island Basic Standard Deduction.

30 Only the Rhode Island standard deduction shall be allowed in accordance with the
31 following table:

Filing status:	Amount
Single	\$7,500
Married filing jointly or qualifying widow(er)	\$15,000

1	Married filing separately	\$7,500
2	Head of Household	\$11,250

3 (II) Nonresident alien individuals, estates and trusts are not eligible for standard
4 deductions.

5 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
6 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
7 dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.
8 The term "applicable percentage" means twenty (20) percentage points for each five thousand
9 dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable
10 year exceeds one hundred seventy-five thousand dollars (\$175,000).

11 (C) Exemption Amount:

12 (I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
13 multiplied by the number of exemptions allowed for the taxable year for federal income tax
14 purposes. For tax years beginning on or after 2018, the term "exemption amount" means the same
15 as it does in 26 U.S.C. § 151 and 26 U.S.C. § 152 just prior to the enactment of the Tax Cuts and
16 Jobs Act (Pub. L. No. 115-97) on December 22, 2017.

17 (II) Exemption amount disallowed in case of certain dependents. In the case of an
18 individual with respect to whom a deduction under this section is allowable to another taxpayer for
19 the same taxable year, the exemption amount applicable to such individual for such individual's
20 taxable year shall be zero.

21 (III) Identifying information required.

22 (1) Except as provided in § 44-30-2.6(c)(3)(C)(II) of this section, no exemption shall be
23 allowed under this section with respect to any individual unless the Taxpayer Identification Number
24 of such individual is included on the federal return claiming the exemption for the same tax filing
25 period.

26 (2) Notwithstanding the provisions of § 44-30-2.6(c)(3)(C)(I) of this section, in the event
27 that the Taxpayer Identification Number for each individual is not required to be included on the
28 federal tax return for the purposes of claiming a personal exemption(s), then the Taxpayer
29 Identification Number must be provided on the Rhode Island tax return for the purpose of claiming
30 said exemption(s).

31 (D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
32 purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
33 dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
34 "applicable percentage" means twenty (20) percentage points for each five thousand dollars

1 (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
2 exceeds one hundred seventy-five thousand dollars (\$175,000).

3 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
4 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
5 equal to:

6 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B)
7 and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;

8 (II) The cost-of-living adjustment with a base year of 2000.

9 (III) For the purposes of this section, the cost-of-living adjustment for any calendar year is
10 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
11 the consumer price index for the base year. The consumer price index for any calendar year is the
12 average of the consumer price index as of the close of the twelve-month (12) period ending on
13 August 31, of such calendar year.

14 (IV) For the purpose of this section the term "consumer price index" means the last
15 consumer price index for all urban consumers published by the department of labor. For the purpose
16 of this section the revision of the consumer price index that is most consistent with the consumer
17 price index for calendar year 1986 shall be used.

18 (V) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
19 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
20 married individual filing separate return, if any increase determined under this section is not a
21 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
22 of twenty-five dollars (\$25.00).

23 (F) Credits against tax.

24 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on
25 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
26 as follows:

27 (a) Rhode Island earned-income credit: Credit shall be allowed for earned- income credit
28 pursuant to subparagraph 44-30-2.6(c)(2)(N).

29 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided
30 in § 44-33-1 et seq.

31 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
32 credit as provided in § 44-30.3-1 et seq.

33 (d) Credit for income taxes of other states. Credit shall be allowed for income tax paid to
34 other states pursuant to § 44-30-74.

1 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit
2 as provided in § 44-33.2-1 et seq.

3 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
4 production tax credit as provided in § 44-31.2-1 et seq.

5 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
6 the federal child and dependent care credit allowable for the taxable year for federal purposes;
7 provided, however, such credit shall not exceed the Rhode Island tax liability.

8 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
9 contributions to scholarship organizations as provided in chapter 62 of title 44.

10 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
11 as if no withholding were required, but any amount of Rhode Island personal income tax actually
12 deducted and withheld in any calendar year shall be deemed to have been paid to the tax
13 administrator on behalf of the person from whom withheld, and the person shall be credited with
14 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
15 year of less than twelve (12) months, the credit shall be made under regulations of the tax
16 administrator.

17 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in
18 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

19 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
20 § 42-64.20-1 et seq.

21 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
22 Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

23 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
24 unused carryforward for such credit previously issued shall be allowed for the historic
25 homeownership assistance act as provided in § 44-33.1-4. This allowance is for credits already
26 issued pursuant to § 44-33.1-4 and shall not be construed to authorize the issuance of new credits
27 under the historic homeownership assistance act.

28 (n) Musical and theatrical production tax credits: Credit shall be allowed for musical and
29 theatrical production tax credits as provided in chapter 31.3 of this title.

30 (o) Historic preservation tax credits 2013: Credit shall be allowed for historic preservation
31 tax credits 2013 as provided in chapter 33.6 of this title.

32 ~~(2)~~(II) Except as provided in section ~~+~~ (I) above, no other state ~~and~~ or federal tax credit
33 shall be available to the taxpayers in computing tax liability under this chapter.

34 **44-30-83. Limitations on assessment.**

1 (a) General. Except as otherwise provided in this section the amount of the Rhode Island
2 personal income tax shall be assessed within three (3) years after the return was filed, whether or
3 not the return was filed on or after the prescribed date. For this purpose a tax return filed before the
4 due date shall be considered as filed on the due date; and a return of withholding tax for any period
5 ending with or within a calendar year filed before April 15 of the succeeding calendar year shall be
6 considered filed on April 15 of the succeeding calendar year.

7 (b) Exceptions.

8 (1) Assessment at any time. The tax may be assessed at any time if:

9 (i) No return is filed;

10 (ii) A false or fraudulent return is filed with intent to evade tax; or

11 (iii) The taxpayer fails to file a report, pursuant to § 44-30-59, of a change, correction, or
12 amended return, increasing his or her federal taxable income as reported on his or her federal
13 income tax return or to report a change or correction that is treated in the same manner as if it were
14 a deficiency for federal income tax purposes.

15 (2) Extension by agreement. Where, before the expiration of the time prescribed in this
16 section for the assessment of tax, or before the time as extended pursuant to this section, both the
17 tax administrator and the taxpayer have consented in writing to its assessment after that time, the
18 tax may be assessed at any time prior to the expiration of the period agreed upon.

19 (3) Report of changed or corrected federal income. If the taxpayer shall, pursuant to § 44-
20 30-59, file an amended return, or report a change or correction increasing his or her federal taxable
21 income or report a change or correction that is treated in the same manner as if it were a deficiency
22 for federal income tax purposes, an assessment may be made at any time prior to two (2) years after
23 the report or amended return was filed. This assessment of Rhode Island personal income tax shall
24 not exceed the amount of the increase attributable to the federal change, correction, or items
25 amended on the taxpayer's amended federal income tax return. The provisions of this paragraph
26 shall not affect the time within which or the amount for which an assessment may otherwise be
27 made.

28 (4) Deficiency attributable to net operating loss carryback. If a taxpayer's deficiency is
29 attributable to an excessive net operating loss carryback allowance, it may be assessed at any time
30 that a deficiency for the taxable year of the loss may be assessed.

31 (5) Recovery of erroneous refund. An erroneous refund shall be considered to create an
32 underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous
33 refund may be made at any time within three (3) years thereafter, or at any time if it appears that
34 any part of the refund was induced by fraud or misrepresentation of a material fact.

1 (6) Armed forces relief. For purposes of this tax, the date appearing in 26 U.S.C. § 692(a)
2 shall be January 1, 1971.

3 (c) Omission of income on return. Notwithstanding the foregoing provisions of this section,
4 the tax may be assessed at any time within six (6) years after the return was filed if an individual
5 omits from his or her Rhode Island income an amount properly includible therein which is in excess
6 of twenty-five percent (25%) of the amount of Rhode Island income stated in the return. For this
7 purpose there shall not be taken into account any amount that is omitted in the return if the amount
8 is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise
9 the tax administrator of the nature and amount of the item.

10 (d) Suspension of limitation. The running of the period of limitations on assessment or
11 collection of tax or other amount (or of a transferee's liability) shall, after the mailing of a notice of
12 deficiency, be suspended for the period during which the tax administrator is prohibited under §
13 44-30-81(c) from making the assessment or from collecting by levy, and for sixty (60) days
14 thereafter.

15 (e) Limitations exclusive. No period of limitations specified in any other law shall apply to
16 the assessment or collection of Rhode Island personal income tax. Under no circumstances shall
17 the tax administrator issue any notice of a deficiency determination for Rhode Island personal
18 income tax due or payable more than ten (10) years after the date upon which ~~the~~ a complete,
19 accurate, and proper return was filed ~~or due to be filed~~, nor shall the tax administrator commence
20 any collection action for any personal income tax due and payable unless the collection action is
21 commenced within ten (10) years after a notice of deficiency determination became a final
22 collectible assessment; provided however, that the tax administrator can renew a statutory lien that
23 was initially filed within the ten-year (10) period for collection actions. Both of the aforementioned
24 ten-year (10) periods are tolled for any period of time the taxpayer is in federal bankruptcy or state
25 receivership proceedings. "Collection action" refers to any activity undertaken by the division of
26 taxation to collect on any state tax liabilities that are final, due, and payable under Rhode Island
27 law. "Collection action" may include, but is not limited to, any civil action involving a liability
28 owed under chapter 30 of title 44. This section excludes any liabilities that are deemed trust funds
29 as defined in § 44-30-76, as amended.

30 (f) The ten-year (10) limitation shall not apply to the renewal or continuation of the state's
31 attempt to collect a liability that became final, due, and payable within the ten-year (10) limitation
32 periods set forth in this section.

33 SECTION 13. Section 44-31-1 of the General Laws in Chapter 44-31 entitled "Investment
34 Tax Credit" is hereby amended to read as follows:

1 **44-31-1. Investment tax credit.**

2 (a) A taxpayer shall be allowed a credit, to be computed as provided in this chapter, against
3 the tax imposed by chapters 11, 14, and 17, ~~and 30~~ of this title. The amount of the credit shall be
4 two percent (2%) of the cost or other basis for federal income tax purposes of tangible personal
5 property and other tangible property, including buildings and structural components of buildings,
6 described in subsection (b) of this section, acquired, constructed, reconstructed, or erected after
7 December 31, 1973. Provided, that the amount of the credit shall be four percent (4%) of the: (i)
8 cost or other basis for federal income tax purposes of tangible personal property and other tangible
9 property, including buildings and structural components of buildings, described in subdivision
10 (b)(1) of this section, acquired, constructed, reconstructed or erected after December 31, 1993; and
11 (ii) qualified amounts for leased assets of tangible personal property and other tangible property
12 described in subdivision (b)(1) of this section, acquired, constructed, reconstructed, or erected after
13 January 1, 1998, and the amount of the credit shall be ten percent (10%) of the cost or other basis
14 for federal income tax purposes, and the qualified amounts for leased assets, of tangible personal
15 property and other tangible property described in subdivision (b)(3) of this section, acquired,
16 constructed, reconstructed, or erected after January 1, 1998, and with respect to buildings and
17 structural components which are acquired, constructed, reconstructed or erected after July 1, 2001,
18 as described in subdivision (b)(3) of this section.

19 (b)(1) A credit shall be allowed under this section with respect to tangible personal property
20 and other tangible property, including buildings and structural components of buildings, which are
21 depreciable pursuant to 26 U.S.C. § 167, have a useful life of four (4) years or more, are acquired
22 by purchase as defined in 26 U.S.C. § 179(d) or are acquired by lease as prescribed in paragraph
23 (3)(iv) of this subsection, have a situs in this state and are principally used by the taxpayer in the
24 production of goods by manufacturing, process, or assembling. The credit shall be allowable in the
25 year the property is first placed in service by the taxpayer, which is the year in which, under the
26 taxpayer's depreciation practice, the period for depreciation with respect to the property begins, or
27 the year in which the property is placed in a condition or state of readiness and availability for a
28 specifically assigned function, whichever is earlier. For purposes of this paragraph,
29 "manufacturing" means the process of working raw materials into wares suitable for use or which
30 gives new shapes, new quality or new combinations to matter that already has gone through some
31 artificial process by the use of machinery, tools, appliances, and other similar equipment. Property
32 used in the production of goods includes machinery, equipment, or other tangible property which
33 is principally used in the repair and service of other machinery, equipment, or other tangible
34 property used principally in the production of goods and includes all facilities used in the

1 production operation, including storage of material to be used in production and of the products
2 that are produced.

3 (2) Within the meaning of subdivision (1) of this subsection, the term "manufacturing"
4 means the activities of a "manufacturer" as defined in § 44-3-3(20)(iii) and (iv).

5 (3)(i) A credit shall be allowed under this section with respect to tangible personal property
6 and other tangible property, (excluding motor vehicles, furniture, buildings and structural
7 components of buildings, except as provided in this section), which are depreciable pursuant to 26
8 U.S.C. § 167, have a useful life of four (4) years or more, are acquired by purchase as defined in
9 26 U.S.C. § 179(d) or acquired by lease as prescribed in paragraph (iv) of this subdivision, have a
10 situs in this state and to the extent the property is used by a qualified taxpayer, as that term is
11 defined in paragraph (v) of this subdivision, in any of the businesses described in major groups 20
12 through 39, 50 and 51, 60 through 67, 73, 76, 80 through 82, 87 and 89 in the standard industrial
13 classification manual prepared by the technical committee on industrial classification, office of the
14 statistical standards, executive office of the president, United States Bureau of the Budget, as
15 revised from time to time ("SIC Code") and/or any of the businesses described in the three (3) digit
16 SIC Code 781.

17 (ii) A credit shall be allowed under this section with respect to buildings and structural
18 components that are acquired, constructed, reconstructed, or erected after July 1, 2001, which are
19 depreciable pursuant to 26 U.S.C. § 167, have a useful life of four (4) years or more, are acquired
20 by purchase as defined in 26 U.S.C. § 179(d) or acquired by lease for a term of twenty (20) years
21 or more, excluding renewal periods, have a situs in this state and to the extent the property is used
22 by a high performance manufacturer. The term "high performance manufacturer" means a taxpayer:
23 (A) engaged in any of the businesses described in the major groups 28, 30, 34, to 36, and 38 of the
24 SIC Codes, (B) that pays its full-time equivalent employees a median annual wage above the
25 average annual wage paid by all taxpayers in the state which share the same two-digit SIC Code,
26 unless the high performance manufacturer is the only high performance manufacturer in the state
27 conducting business in that two-digit SIC Code, in which case this requirement shall not apply, and
28 (C)(I) whose expenses for training or retraining its employees exceeds two percent (2%) of its total
29 payroll costs, or (II) that pays its full-time equivalent employees a median annual wage equal to or
30 greater than one hundred twenty-five percent (125%) of the average annual wage paid in this state
31 by employers to employees, or (III) that pays its full-time equivalent employees classified as
32 production workers by the Rhode Island department of labor and training an average annual wage
33 above the average annual wage paid to the production workers of all taxpayers in the state which
34 share the same two-digit SIC Code.

1 (iii) To the extent allowable, the credit allowed under this section is allowed for computers,
2 software and telecommunications hardware used by a taxpayer even if the property has a useful life
3 of less than four (4) years;

4 (iv) The credit for property acquired by lease is based on the fair market value of the
5 property at the inception of the lease times the portion of the depreciable life of the property
6 represented by the term of the lease, excluding renewal options. The credit described in this
7 subdivision for high performance manufacturers that lease buildings and their structural
8 components for a term of twenty (20) years or more, excluding renewal periods, shall be calculated
9 in the same manner as for property acquired by purchase; and

10 (v) For purposes of this subsection, a "qualified taxpayer" means a taxpayer in any of the
11 businesses described in major groups 20 through 39, 50 and 51, 60 through 67, 73, 76, 80 through
12 82, 87 and 89 of the SIC Code, and/or any of the businesses described in the three (3) digit SIC
13 Code 781, and which meet the following criteria:

14 (A) The median annual wage paid to a qualified taxpayer's full-time equivalent employees
15 must be above the average annual wage paid by all taxpayers in the state which share the same two-
16 digit SIC Code, unless that qualified taxpayer is the only qualified taxpayer in the state conducting
17 business in that two-digit SIC Code, in which case this requirement does not apply; and

18 (B) With respect to major groups 50 and 51, 60 through 67, 73, 76, 80 through 82, 87 and
19 89 and/or the three (3) digit SIC Code 781(except for those qualified taxpayers whose businesses
20 are described in any of the four (4) digit SIC Codes 7371, 7372 and 7373) only:

21 (I) More than one-half (½) of its gross revenues are a result of sales to customers outside
22 of the state; or

23 (II) More than one-half (½) of its gross revenues are a result of sales to the federal
24 government; or

25 (III) More than one-half (½) of its gross revenues are a result of a combination of sales
26 described in items (I) and (II) of this subparagraph.

27 (4) For purposes of this section, "sales to customers outside the state" means sales to
28 individuals, businesses and other entities, as well as divisions and/or branches of businesses and
29 other entities, residing or located outside of the state. The requirement of subparagraph (v)(A) of
30 this subdivision does not apply to any qualified taxpayer: (i) whose expenses for training or
31 retraining its employees exceeds two percent (2%) of these qualified taxpayer's total payroll costs;
32 or (ii) whose median annual wage paid to its full-time equivalent employees is equal to or greater
33 than one hundred twenty-five percent (125%) of the average annual wage paid in this state by
34 employers to employees; or (iii), with respect to major groups 20 through 39 only, the average

1 annual wage paid to these qualified taxpayer's full-time equivalent employees, classified as
2 production workers by the Rhode Island department of labor and training, is above the average
3 annual wage paid to the production workers of all these taxpayers in the state which share the same
4 two-digit SIC Code. At the election of a taxpayer, which is made at any time and in any manner
5 that may be determined by the tax administrator, the taxpayer's ability in a particular fiscal year to
6 qualify as a qualified taxpayer may be based on the expenses and gross receipts of the taxpayer for
7 either the prior fiscal year or the immediately proceeding fiscal year rather than on the expenses
8 and gross receipts for that fiscal year. For purposes of this chapter, the director of the Rhode Island
9 human resource investment council shall certify as to legitimate training and retraining expenses in
10 accordance with the guidelines established in chapter 64.6 of title 42, and any rules and regulations
11 promulgated under this chapter. For purposes of this subsection, a "full-time equivalent employee"
12 means an employee who works a minimum of thirty (30) hours per week within the state or two
13 (2) part-time employees who together work a minimum of thirty (30) hours per week within the
14 state. For purposes of this subsection, the director of the Rhode Island department of labor and
15 training, upon receipt of an application from a qualified taxpayer, shall certify whether this
16 qualified taxpayer meets the requirement in subparagraph (v)(A) of this subdivision or is exempt
17 from this requirement because the median annual wage it pays its full-time equivalent employees
18 is equal to or greater than one hundred twenty-five (125%) percent of the average annual wage paid
19 in this state by employers to employees or, with respect to major groups 20 through 39 only, the
20 average annual wage paid to this qualified taxpayer's full-time equivalent employees, classified as
21 production workers by the Rhode Island department of labor and training, is above the average
22 annual wage paid to the production workers of all these taxpayers in the state which share the same
23 two-digit SIC Code. The director of the Rhode Island department of labor and training shall
24 promulgate rules and regulations as required for the implementation of this requirement.

25 (5) To the extent otherwise allowable, the credit provided by paragraphs (3)(i) and (ii) of
26 this subsection are also allowed for the property having a situs in Rhode Island and used, however
27 acquired, by a property and casualty insurance company.

28 (c) Subject to the provisions of subdivision (b)(3) of this section, a taxpayer is not allowed
29 a credit under subsection (a) of this section with respect to tangible personal property and other
30 tangible property, including buildings and structural components of buildings, which it leases to
31 any other person or corporation and is not allowed a credit under subsection (a) of this section with
32 respect to buildings and structural components of buildings it leases from any other person or
33 corporation. For the purposes of the preceding sentence, any contract or agreement to lease or rent
34 or for a license to use the property is considered a lease, unless a contract or agreement is treated

1 for federal income tax purposes as an installment purchase rather than a lease.

2 (d) The credit allowed under this section for any taxable year does not reduce the tax due
3 for the year by more than fifty percent (50%) of the tax liability that would be payable, and further
4 in the case of corporations, to less than the minimum tax as prescribed in § 44-11-2(e); provided,
5 that in the case of the credit allowed to high performance manufacturers under subdivision (b)(3)
6 of this section, the fifty percent (50%) limitation shall not apply. If the amount of credit allowable
7 under this section for any taxable year is less than the amount of credit available to the taxpayer,
8 any amount of credit not deductible in the taxable year may be carried over to the following year
9 or years (not to exceed seven (7) years) and may be deducted from the taxpayer's tax for the year
10 or years.

11 (e) At the option of the taxpayer, air or water pollution control facilities which qualify for
12 elective amortization deduction may be treated as property principally used by the taxpayer in the
13 production of goods by manufacturing, processing, or assembling; provided, that if the property
14 qualifies under subsection (b) of this section, in which event, an amortization deduction is not
15 allowed.

16 (f) With respect to property which is disposed of or ceases to be in qualified use prior to
17 the end of the taxable year in which the credit is to be taken, the amount of the credit shall be that
18 portion of the credit provided for in subsection (a) of this section, which represents the ratio which
19 the months of qualified use bear to the months of useful life. If property on which credit has been
20 taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference
21 between the credit taken and the credit allowed for actual use must be added back in the year of
22 disposition. If this property is disposed of or ceases to be in qualified use after it has been in
23 qualified use for more than twelve (12) consecutive years, it is not necessary to add back the credit
24 as provided in this subsection. A credit allowed to a qualified taxpayer is not recaptured merely
25 because the taxpayer subsequently fails to retain the classification as a qualified taxpayer. The
26 amount of credit allowed for actual use shall be determined by multiplying the original credit by
27 the ratio, which the months of qualified use bear to the months of useful life. For purposes of this
28 subsection, "useful life of property" is the same as the taxpayer (or in the case of property acquired
29 by lease, the owner of the property) uses for depreciation purposes when computing his or her
30 federal income tax liability. Comparable rules are used in the case of property acquired by lease to
31 determine the amount of credit, if any, that will be recaptured if the lease terminates prematurely
32 or if the property covered by the lease otherwise fails to be in qualified use.

33 (g) The credit allowed under this section is only allowed against the tax of that corporation
34 included in a consolidated return that qualifies for the credit and not against the tax of other

1 corporations that may join in the filing of a consolidated tax return.

2 SECTION 14. Sections 44-32-2 and 44-32-3 of the General Laws in Chapter 44-32 entitled
3 "Elective Deduction for Research and Development Facilities" are hereby amended to read as
4 follows:

5 **44-32-2. Credit for research and development property acquired, constructed, or**
6 **reconstructed or erected after July 1, 1994.**

7 (a) A taxpayer shall be allowed a credit against the tax imposed by chapters 11; ~~or 17;~~
8 ~~30~~ of this title. The amount of the credit shall be ten percent (10%) of the cost or other basis for
9 federal income tax purposes of tangible personal property, and other tangible property, including
10 buildings and structural components of buildings, described in subsection (b) of this section;
11 acquired, constructed or reconstructed, or erected after July 1, 1994.

12 (b) A credit shall be allowed under this section with respect to tangible personal property
13 and other tangible property, including buildings and structural components of buildings which are:
14 depreciable pursuant to 26 U.S.C. § 167 or recovery property with respect to which a deduction is
15 allowable under 26 U.S.C. § 168, have a useful life of three (3) years or more, are acquired by
16 purchase as defined in 26 U.S.C. § 179(d), have a situs in this state and are used principally for
17 purposes of research and development in the experimental or laboratory sense which shall also
18 include property used by property and casualty insurance companies for research and development
19 into methods and ways of preventing or reducing losses from fire and other perils. The credit shall
20 be allowable in the year the property is first placed in service by the taxpayer, which is the year in
21 which, under the taxpayer's depreciation practice, the period for depreciation with respect to the
22 property begins, or the year in which the property is placed in a condition or state of readiness and
23 availability for a specifically assigned function, whichever is earlier. These purposes shall not be
24 deemed to include the ordinary testing or inspection of materials or products for quality control,
25 efficiency surveys, management studies, consumer surveys, advertising, promotions, or research in
26 connection with literary, historical or similar projects.

27 (c) A taxpayer shall not be allowed a credit under this section with respect to any property
28 described in subsections (a) and (b) of this section, if a deduction is taken for the property under §
29 44-32-1.

30 (d) A taxpayer shall not be allowed a credit under this section with respect to tangible
31 personal property and other tangible property, including buildings and structural components of
32 buildings, which it leases to any other person or corporation. For purposes of the preceding
33 sentence, any contract or agreement to lease or rent or for a license to use the property is considered
34 a lease.

1 (e) The credit allowed under this section for any taxable year does not reduce the tax due
2 for that year, in the case of corporations, to less than the minimum fixed by § 44-11-2(e). If the
3 amount of credit allowable under this section for any taxable year is less than the amount of credit
4 available to the taxpayer, any amount of credit not credited in that taxable year may be carried over
5 to the following year or years, up to a maximum of seven (7) years, and may be credited against
6 the taxpayer's tax for the following year or years. ~~For purposes of chapter 30 of this title, if the~~
7 ~~credit allowed under this section for any taxable year exceeds the taxpayer's tax for that year, the~~
8 ~~amount of credit not credited in that taxable year may be carried over to the following year or years,~~
9 ~~up to a maximum of seven (7) years, and may be credited against the taxpayer's tax for the following~~
10 ~~year or years.~~

11 (f)(1) With respect to property which is depreciable pursuant to 26 U.S.C. § 167 and which
12 is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit
13 is to be taken, the amount of the credit is that portion of the credit provided for in this section which
14 represents the ratio which the months of qualified use bear to the months of useful life. If property
15 on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its
16 useful life, the difference between the credit taken and the credit allowed for actual use must be
17 added back in the year of disposition. If the property is disposed of or ceases to be in qualified use
18 after it has been in qualified use for more than twelve (12) consecutive years, it is not necessary to
19 add back the credit as provided in this subdivision. The amount of credit allowed for actual use is
20 determined by multiplying the original credit by the ratio which the months of qualified use bear
21 to the months of useful life. For purposes of this subdivision, "useful life of property" is the same
22 as the taxpayer uses for depreciation purposes when computing his federal income tax liability.

23 (2) Except with respect to that property to which subdivision (3) of this subsection applies,
24 with respect to three (3) year property, as defined in 26 U.S.C. § 168(c), which is disposed of or
25 ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken,
26 the amount of the credit shall be that portion of the credit provided for in this section which
27 represents the ratio which the months of qualified use bear to thirty-six (36). If property on which
28 credit has been taken is disposed of or ceases to be in qualified use prior to the end of thirty-six
29 (36) months, the difference between the credit taken and the credit allowed for actual use must be
30 added back in the year of disposition. The amount of credit allowed for actual use is determined by
31 multiplying the original credit by the ratio that the months of qualified use bear to thirty-six (36).

32 (3) With respect to any recovery property to which 26 U.S.C. § 168 applies, which is a
33 building or a structural component of a building and which is disposed of or ceases to be in qualified
34 use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit

1 is that portion of the credit provided for in this section which represents the ratio which the months
2 of qualified use bear to the total number of months over which the taxpayer chooses to deduct the
3 property under 26 U.S.C. § 168. If property on which credit has been taken is disposed of or ceases
4 to be in qualified use prior to the end of the period over which the taxpayer chooses to deduct the
5 property under 26 U.S.C. § 168, the difference between the credit taken and the credit allowed for
6 actual use must be added back in the year of disposition. If the property is disposed of or ceases to
7 be in qualified use after it has been in qualified use for more than twelve (12) consecutive years, it
8 is not necessary to add back the credit as provided in this subdivision. The amount of credit allowed
9 for actual use is determined by multiplying the original credit by the ratio that the months of
10 qualified use bear to the total number of months over which the taxpayer chooses to deduct the
11 property under 26 U.S.C. § 168.

12 (g) No deduction for research and development facilities under § 44-32-1 shall be allowed
13 for research and development property for which the credit is allowed under this section.

14 (h) No investment tax credit under § 44-31-1 shall be allowed for research and development
15 property for which the credit is allowed under this section.

16 (i) The investment tax credit allowed by § 44-31-1 shall be taken into account before the
17 credit allowed under this section.

18 (j) The credit allowed under this section only allowed against the tax of that corporation
19 included in a consolidated return that qualifies for the credit and not against the tax of other
20 corporations that may join in the filing of a consolidated return.

21 (k) In the event that the taxpayer is a partnership, joint venture or small business
22 corporation, the credit shall be divided in the same manner as income.

23 **44-32-3. Credit for qualified research expenses.**

24 (a) A taxpayer shall be allowed a credit against the tax imposed by chapters 11; or 17 ~~or 30~~
25 of this title. The amount of the credit shall be five percent (5%)(and in the case of amounts paid or
26 accrued after January 1, 1998, twenty-two and one-half percent (22.5%) for the first twenty-five
27 thousand dollars (\$25,000) worth of credit and sixteen and nine-tenths percent (16.9%) for the
28 amount of credit above twenty-five thousand dollars (\$25,000)) of the excess, if any, of:

29 (1) The qualified research expenses for the taxable year, over

30 (2) The base period research expenses.

31 (b)(1) "Qualified research expenses" and "base period research expenses" have the same
32 meaning as defined in 26 U.S.C. § 41; provided, that the expenses have been incurred in this state
33 after July 1, 1994.

34 (2) Notwithstanding the provisions of subdivision (1) of this subsection, "qualified research

1 expenses" also includes amounts expended for research by property and casualty insurance
2 companies into methods and ways of preventing or reducing losses from fire and other perils.

3 (c) The credit allowed under this section for any taxable year shall not reduce the tax due
4 for that year by more than fifty percent (50%) of the tax liability that would be payable, and in the
5 case of corporations, to less than the minimum fixed by § 44-11-2(e). If the amount of credit
6 allowable under this section for any taxable year is less than the amount of credit available to the
7 taxpayer any amount of credit not credited in that taxable year may be carried over to the following
8 year or years, up to a maximum of seven (7) years, and may be credited against the taxpayer's tax
9 for that year or years. ~~For purposes of chapter 30 of this title, if the credit allowed under this section
10 for any taxable year exceeds the taxpayer's tax for that year, the amount of credit not credited in
11 that taxable year may be carried over to the following year or years, up to a maximum of seven (7)
12 years, and may be credited against the taxpayer's tax for that year or years.~~ For purposes of
13 determining the order in which carry-overs are taken into consideration, the credit allowed by § 44-
14 32-2 is taken into account before the credit allowed under this section.

15 (d) The investment tax credit allowed by § 44-31-1 shall be taken into account before the
16 credit allowed under this section.

17 (e) The credit allowed under this section shall only be allowed against the tax of that
18 corporation included in a consolidated return that qualifies for the credit and not against the tax of
19 other corporations that may join in the filing of a consolidated return.

20 (f) In the event the taxpayer is a partnership, joint venture or small business corporation,
21 the credit is divided in the same manner as income.

22 SECTION 15. Section 44-39.1-2 of the General Laws in Chapter 44-39.1 entitled
23 "Employment Tax Credit" is hereby amended to read as follows:

24 **44-39.1-2. Credit provisions.**

25 (a) The credit is not refundable but may be applied against the tax liability imposed against
26 a taxpayer pursuant to chapters 11, 13, 14, 15, [and 17](#) ~~and 30~~ of this title.

27 (b) The credit allowed under this chapter for any taxable year shall not reduce the tax due
28 for that year to less than one hundred dollars (\$100). Any amount of credit not deductible in that
29 taxable year may not be carried over to the following year. This credit may not be applied against
30 the tax until all other credits available to this taxpayer for that taxable year have been applied.

31 (c) In the event that the employer is a partnership, joint venture, or small business
32 corporation, the credit shall be divided in the manner as income.

33 (d) In the event that the taxpayer is liable for taxes imposed under both chapters 14 and 15
34 of this title, the taxpayer must elect the tax against which it wishes to claim credit. This election

1 shall be made as part of the taxpayer's filings in accordance with §§ 44-14-6 and 44-15-5. The
2 taxpayer may not divide the credit for any year between the two (2) tax liabilities for which it is
3 liable.

4 SECTION 16. Sections 44-46-1 and 44-46-3 of the General Laws in Chapter 44-46 entitled
5 "Adult Education Tax Credit" are hereby amended to read as follows:

6 **44-46-1. Adult education tax credit.**

7 A taxpayer who is an employer shall be allowed a credit, to be computed as provided in
8 this chapter, against the tax imposed by chapters 11, 13, 14, 15, [and 17](#) ~~and 30~~ of this title. The
9 amount of the credit shall be fifty percent (50%) of the costs incurred solely and directly for non-
10 worksite or worksite-based adult education programs as defined in § 44-46-2.

11 **44-46-3. Credits.**

12 An employer shall be allowed a credit as provided in § 44-46-1 up to a maximum credit of
13 three hundred dollars (\$300) against taxes otherwise due under provisions of chapters 11, 13, 14,
14 15, [and 17](#) ~~and 30~~ of this title per paid employee. The employee must remain in the employ of the
15 business for a minimum period of thirteen (13) consecutive weeks, and a minimum of four hundred
16 and fifty-five (455) hours of paid employment before the employer can become eligible for the
17 income credit. The credit shall not reduce the tax under chapter 11 of this title to less than one
18 hundred dollars (\$100). The credit is not refundable. Any amount of credit not deductible in that
19 taxable year may not be carried over to the following year. In the event that the employer is a
20 partnership, joint venture or small business corporation, the credit shall be divided in the same
21 manner as income. This credit may not be applied against the tax until all other credits available to
22 this taxpayer for the taxable year have been applied.

23 SECTION 17. Section 44-47-1 of the General Laws in Chapter 44-47 entitled "Adult and
24 Child Day Care Assistance and Development Tax Credit" is hereby amended to read as follows:

25 **44-47-1. Tax credit.**

26 (a) A taxpayer that pays for or provides adult or child day care services to its employees or
27 to the employees of its commercial tenants, or that provides real property or dedicates rental space
28 for child day care services, is allowed a credit, to be computed as provided in this chapter, against
29 the tax imposed by chapters 11 and 13, except § 44-13-13, and chapters 14, [and 17](#), ~~30~~ of this title.
30 The amount of the credit shall be:

31 (1) Thirty percent (30%) of the total amount expended in the state of Rhode Island during
32 the taxable year by a taxpayer for day care services purchased to provide care for the dependent
33 children or dependent adult family members of the taxpayer's employees or employees of
34 commercial tenants of the taxpayer during the employees' hours of employment;

1 (2) Thirty percent (30%) of the total amount expended during the taxable year by a taxpayer
2 in the establishment and/or operation of a day care facility in the state of Rhode Island used
3 primarily by the dependent children of the taxpayer's employees or employees of commercial
4 tenants of the taxpayer during the employees' hours of employment;

5 (3) Thirty percent (30%) of the total amount expended during the taxable year by a taxpayer
6 in conjunction with one or more other taxpayers for the establishment and/or operation of a day
7 care facility in the state of Rhode Island used primarily by the dependent children of the taxpayer's
8 employees or employees of commercial tenants of the taxpayer during that employee's hours of
9 employment;

10 (4) Thirty percent (30%) of the total amount foregone in rent or lease payments related to
11 the dedication of rental or lease space to child day care services. The amount foregone shall be the
12 difference between fair market rental and actual rental.

13 (b) No credit shall be allowed pursuant to this chapter unless the child day care facility is
14 licensed pursuant to chapter 72.1 of title 42, and agrees to accept children whose child care services
15 are paid for in full or in part by the Rhode Island department of human services; and/or the adult
16 day care facility is certified by the department of elderly affairs.

17 SECTION 18. Section 44-48.3-13 of the General Laws in Chapter 44-48.3 entitled "Rhode
18 Island New Qualified Jobs Incentive Act 2015" is hereby amended to read as follows:

19 **44-48.3-13. Reporting requirements.**

20 (a) By August 1st of each year, each applicant approved for credits under this chapter shall
21 report to the commerce corporation and the division of taxation the following information:

22 (1) The number of total jobs created;

23 (2) The applicable north American industry classification survey annual system code of
24 each job created;

25 (3) The annual salary of each job created;

26 (4) The address of each new employee;

27 (b) By September 1, 2016 and each year thereafter, the commerce corporation shall report
28 the name, address, and amount of tax credit approved for each credit recipient during the previous
29 state fiscal year to the governor, the speaker of the house of representatives, the president of the
30 senate, the chairpersons of the house and senate finance committees, the house and senate fiscal
31 advisors, and the department of revenue.

32 (c) By October 1, 2016 and each year thereafter, the commerce corporation shall report for
33 the year (1) the total number of businesses awarded credits in the previous fiscal year and (2) the
34 name and address of each credit recipient. This report shall be available to the public for inspection

1 by any person and shall be published by the chief executive of the commerce corporation on the
2 commerce corporation and executive office of commerce websites.

3 (d) By October 1st of each year the division of taxation shall report the name, address, and
4 amount of tax credit received for each credit recipient during the previous state fiscal year ~~to the~~
5 ~~governor, the chairpersons of the house and senate finance committees, the house and senate fiscal~~
6 ~~advisors, and the department of labor and training.~~ This report shall be available to the public for
7 inspection by any person and shall be published by the tax administrator on the tax division website.

8 (e) By November 1st of each year the division of taxation shall report in the aggregate the
9 information required under subsection 44-48.3-13(a). This report shall be available to the public
10 for inspection by any person and shall be published by the tax administrator on the tax division
11 website.

12 SECTION 19. Section 44-57-1 of the General Laws in Chapter 44-57 entitled "Residential
13 Renewable Energy System Tax Credit" is hereby amended to read as follows:

14 **44-57-1. Tax credit for principal or secondary residence.**

15 (a) An eligible person, as defined in § 44-57-3, who shall pay all or part of the cost of an
16 eligible renewable energy system, as defined in § 44-57-4, which is installed in a dwelling, as
17 defined in § 44-57-2(13), shall be entitled to a tax credit against the tax liability imposed by ~~chapters~~
18 ~~chapter~~ 11 and 30 of this title. The credit, which shall be nonrefundable, shall be computed in
19 accordance with § 44-57-5.

20 (b) The credit shall be claimed in the tax year in which the renewable energy system is
21 placed into service. The credit may be claimed in the tax year the renewable energy system is
22 purchased if the system is placed in service by April 1 of the following tax year.

23 (c) Any credit not used in accordance with subsection (b) of this section shall not be carried
24 over to any following year or years. The tax credit shall not reduce the tax in any tax year below
25 the minimum tax where a minimum tax is provided by law.

26 (d) In the event the eligible person is a partnership, joint venture, or corporation, the credit
27 shall be divided in the same manner as income.

28 SECTION 20. Sections 44-30-19, 44-30-20, 44-30-21, 44-30-22, 44-30-23, 44-30-24, 44-
29 30-26, 44-30-27 and 44-30-37 of the General Laws in Chapter 44-30 entitled "Personal Income
30 Tax" are hereby repealed.

31 **~~44-30-19. Credit to trust beneficiary receiving accumulation distribution.~~**

32 ~~(a) General. A resident beneficiary of a trust whose Rhode Island income includes all or~~
33 ~~part of an accumulation distribution by the trust, as defined in 26 U.S.C. § 665, shall be allowed a~~
34 ~~credit against the tax otherwise due under this chapter for all or a proportionate part of any tax paid~~

1 by the trust under this chapter for any preceding taxable year which would not have been payable
2 if the trust had in fact made distributions to its beneficiaries at the times and in the amounts specified
3 in 26 U.S.C. § 666.

4 (b) ~~Limitation.~~ The credit under this section shall not reduce the tax otherwise due from
5 the beneficiary under this chapter to an amount less than would have been due if the accumulation
6 distribution or his or her part thereof were excluded from his or her Rhode Island income.

7 ~~**44-30-20. Tax credit for installation costs to hydroelectric power developers.**~~

8 ~~**Legislative findings and declaration of policy.**~~

9 (a) ~~The general assembly recognizes and declares that because the worldwide supply of~~
10 ~~fossil fuel and of other nonrenewable energy resources is limited, it is necessary to encourage the~~
11 ~~utilization of renewable natural resources for the production of energy; that there are many existing~~
12 ~~dams which could be retrofitted to generate hydroelectric power; and that a major factor inhibiting~~
13 ~~the development of hydroelectric power generation is the presently higher capital costs for new~~
14 ~~construction of hydro plants compared to conventional thermal systems.~~

15 (b) ~~It is the policy of this state to support and foster the development of hydropower~~
16 ~~generating facilities by the establishment of tax incentives for those owners of existing dams who~~
17 ~~install hydroelectric power generation equipment.~~

18 ~~**44-30-21. Hydroelectric development tax credit -- Definitions.**~~

19 For purposes of this chapter:

20 (1) ~~"Existing dam" means any dam located in this state or immediately adjacent to it, the~~
21 ~~construction of which was completed on or before May 20, 1981, and which does not require any~~
22 ~~construction or enlargement of impoundment structures, other than repairs or reconstruction, in~~
23 ~~connection with the installation of any small hydroelectric power project;~~

24 (2) ~~"Hydroelectric power developer" means any person or corporation who owns or leases~~
25 ~~an existing dam and who installs hydroelectric power generation equipment and utilizes that~~
26 ~~equipment to generate hydroelectric power;~~

27 (3) ~~"Installation costs" means all expenditures related to the design, construction,~~
28 ~~installation, or repair of all facilities necessary for hydroelectric power production in this state;~~

29 (4) ~~"Small hydroelectric power production facility" means any hydroelectric power project~~
30 ~~which is located in this state, which uses the water power potential of an existing dam, and which~~
31 ~~has not more than fifteen thousand (15,000) kilowatts of installed capacity.~~

32 ~~**44-30-22. Tax credit for installation costs.**~~

33 (a) ~~A hydroelectric power developer will be allowed an income tax credit for the~~
34 ~~installation costs of a small hydroelectric power production facility.~~

1 ~~(b) For the purposes of this section, a hydroelectric power developer shall be allowed a~~
2 ~~non refundable state income tax credit in the amount of ten percent (10%) of the installation costs~~
3 ~~of a hydropower facility. This credit shall be limited to five hundred thousand dollars (\$500,000)~~
4 ~~in expenditures for a maximum income tax credit of fifty thousand dollars (\$50,000). This income~~
5 ~~tax credit shall be allowed as either a personal or a corporate income tax credit, depending on the~~
6 ~~hydropower developer's income tax filing status on the last day of his or her income tax filing~~
7 ~~period; provided, that if the installation costs were incurred by a corporation, then a non refundable~~
8 ~~corporate income tax credit shall be allowed, and if installation costs were not incurred by a~~
9 ~~corporation, then a non refundable personal income tax credit shall be allowed. In no event shall~~
10 ~~both a corporate and personal non refundable income tax credit be allowed for installation costs at~~
11 ~~a single dam site.~~

12 ~~**44-30-23. Extended credits.**~~

13 ~~If the allowable credit exceeds the taxes due on the developer's income, the amount of the~~
14 ~~claim not used as an offset against the income taxes of that taxable year may be carried forward as~~
15 ~~a credit against subsequent income tax liability. The provision may not exceed five (5) years from~~
16 ~~the tax year in which the first credit was applied.~~

17 ~~**44-30-24. Tax credit for art.**~~

18 ~~Upon presentation of written certification by the board of curators, an individual shall be~~
19 ~~entitled to a tax credit. The tax credit shall be equal to ten percent (10%) of each one thousand~~
20 ~~dollars (\$1,000) of the purchase price of the art up to a maximum purchase price of ten thousand~~
21 ~~dollars (\$10,000). Any amount of tax credit not deductible in the taxable year of certification may~~
22 ~~not be carried over to the following year. The credit may not be applied until all other credits~~
23 ~~available to the taxpayer for that taxable year are applied.~~

24 ~~**44-30-26. Tax credit for surviving spouse.**~~

25 ~~An individual who qualifies and files as a "surviving spouse" under the Internal Revenue~~
26 ~~Code, applicable for the subject tax year, and who was domiciled in the state of Rhode Island for~~
27 ~~the entire tax year and who is sixty five (65) years of age or older and has an adjusted gross income~~
28 ~~of less than twenty five thousand dollars (\$25,000) shall be entitled to a two percent (2%) tax credit~~
29 ~~based on adjusted gross income, up to a maximum of five hundred dollars (\$500). This credit is not~~
30 ~~refundable, and is only available for the year in which it is claimed.~~

31 ~~**44-30-27. Farm to school income tax credit.**~~

32 ~~Upon presentation of written certification by a local education agency, an individual or~~
33 ~~entity domiciled in the state for the entire tax year, shall be entitled to an income tax credit for the~~
34 ~~purchase of produce grown in the state which shall be furnished or used in connection with that~~

1 individual's or entity's agreement to provide food, services or other products to a local education
2 agency. The income tax credit shall be equal to five percent (5%) of the cost of farm products grown
3 or produced in the state. Any amount of income tax credit not deductible in the taxable year of
4 certification may not be carried over to the following year. The credit may not be applied until all
5 other credits available to the taxpayer for that taxable year are applied.

6 ~~**44-30-37. Credit to trust beneficiary receiving accumulation distribution.**~~

7 A nonresident beneficiary of a trust whose Rhode Island income includes all or part of an
8 accumulation distribution by the trust, as defined in 26 U.S.C. § 665, shall be allowed a credit
9 against the tax otherwise due under this chapter, computed in the same manner and subject to the
10 same limitation as provided by § 44-30-19 with respect to a resident beneficiary.

11 SECTION 21. Section 44-43-3 of the General Laws in Chapter 44-43 entitled "Tax
12 Incentives for Capital Investment in Small Businesses" is hereby repealed.

13 ~~**44-43-3. Wage credit.**~~

14 (a) ~~There shall be allocated among the entrepreneurs of a qualifying business entity (based
15 on the ratio of each entrepreneur's interest in the entity to the total interest held by all entrepreneurs)
16 with respect to each entity on an annual basis commencing with the calendar year in which the
17 entity first qualified as a qualifying business entity a credit against the tax imposed by chapter 30
18 of this title. The credit shall be equal to three percent (3%) of the wages (as defined in 26 U.S.C. §
19 3121(a)) in excess of fifty thousand dollars (\$50,000) paid during each calendar year to employees
20 of the entity; provided, that there shall be excluded from the amount on which the credit is based
21 any wages:~~

22 ~~(1) Paid to any owner of the entity;~~

23 ~~(2) Paid more than five (5) years after the entity commenced business or five (5) years after
24 the purchase of the business entity by new owners, whichever occurs later; or~~

25 ~~(3) Paid to employees who are not principally employed in Rhode Island and whose wages
26 are not subject to withholding pursuant to chapter 30 of this title.~~

27 ~~(b) The credit authorized by this section shall cease in the taxable year next following after
28 the taxable year in which the average annual gross revenue of the business entity equals or exceeds
29 one million five hundred thousand dollars (\$1,500,000).~~

30 SECTION 22. Chapter 7-1.2 of the General Laws entitled "Rhode Island Business
31 Corporation Act" is hereby amended by adding thereto the following section:

32 ~~**7-1.2-1805. Confirmation of state fees and taxes.**~~

33 ~~(a) Notwithstanding any other provisions of the general laws, when any section of this
34 chapter refers to state fees and/or taxes paid, the division of taxation is authorized to respond and~~

1 share tax information with the secretary of state's office in response to a request from that office
2 regarding an entity's tax status as compliant or noncompliant.

3 (b) If the secretary of state's office receives notice from the division of taxation that the
4 corporation has failed to pay any fees or taxes due to this state, the secretary of state shall initiate
5 revocation proceedings in accordance with the provisions of §§ 7-1.2-1310 or 7-1.2-1414.

6 (c) The notice of revocation may state as the basis for revocation that the taxpayer failed
7 to pay state fees and/or taxes to the division of taxation. However, the secretary of state's office
8 shall otherwise protect all state and federal tax information in its custody as required by § 44-11-
9 26.1 and refrain from disclosing any other specific tax information.

10 (d) For filings remitted and recorded in accordance with any section of this chapter between
11 July 1, 2020 and the effective date of this section that refer to state fees and/or taxes paid, the
12 secretary of state's office may request from the division of taxation a determination as to whether
13 all state taxes and fees were paid as outlined in subsection (a) of this section. If the secretary of
14 state's office receives notice from the division of taxation that the corporation has failed to pay any
15 fees or taxes due to this state, the secretary of state shall begin revocation proceedings in accordance
16 with subsections (b) and (c) of this section.

17 SECTION 23. Chapter 7-16 of the General Laws entitled "The Rhode Island Limited-
18 Liability Company Act" is hereby amended by adding thereto the following section:

19 **7-16-77. Confirmation of state fees and taxes.**

20 (a) Notwithstanding any other provisions of the general laws, when any section of this
21 chapter refers to state fees and/or taxes paid, the division of taxation is authorized to respond and
22 share tax information with the secretary of state's office in response to a request from that office
23 regarding an entity's tax status as compliant or noncompliant.

24 (b) If the secretary of state's office receives notice from the division of taxation that the
25 limited-liability company has failed to pay any fees or taxes due to this state, the secretary of state
26 shall begin revocation proceedings in accordance with the provisions of § 7-16-41.

27 (c) The notice of revocation may state as the basis for revocation that the taxpayer failed
28 to pay state fees and/or taxes to the division of taxation. However, the secretary of state's office
29 shall otherwise protect all state and federal tax information in its custody as required by § 7-16-
30 67.1 and refrain from disclosing any other specific tax information.

31 (d) For filings remitted and recorded in accordance with any section of this chapter between
32 July 1, 2020 and the effective date of this section that refer to state fees and/or taxes paid, the
33 secretary of state's office may request from the division of taxation a determination as to whether
34 all state taxes and fees were paid as outlined in subsection (a) of this section. If the secretary of

1 state's office receives notice from the division of taxation that the limited-liability company has
2 failed to pay any fees or taxes due to this state, the secretary of state shall begin revocation
3 proceedings in accordance with subsections (b) and (c) of this section.

4 SECTION 24. This act shall take effect upon passage.

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LC005230
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS - RHODE
ISLAND BUSINESS CORPORATION ACT

- 1 This act would make numerous technical amendments to the statutes on taxes and
2 corporations, associations and partnerships.
3 This act would take effect upon passage.

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LC005230
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